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> SEC FILE NUMBER 9809

## **FACING PAGE**

**HSSION** 

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE 經RIOD BEGINNING_	01/01/2003	AND ENDING	12/31/.	2003	
	MM/DD/YY	-	MM/I	DD/YY	
A. REG	SISTRANT IDENTIFICA	TION			<del>,</del>
NAME OF BROKER DEALER:  George E. Dullnig & ADDRESS OF PRINCE PLACE OF BUSI	Co	aress	OFFI	CIAL USE OF	NLY
ADDRESS OF PRINCEPAL PLACE OF BUSI	NESS: (Do not use P.O. Box	BROCE	UP. E	IRM I.D. NO.	_
115 E. Travis Stree	t, Suite 11	APR 02 20	10-1		
	(No. and Street)	THOMSO	47		
San Antonio	Texas	Situation	78205		
(Cig	(State)		(Zip Code)		
NAME AND TELEPHINE NUMBER OF PE	RSON TO CONTACT IN REG	GARD TO THIS P	REPORT (210) 225	-6806	
KODert M. Dullnig					<del></del>
Robert M. Dullnig			(Area Code	- Telephone Nu	nber)
B. ACCO	DUNTANT IDENTIFICA	<del></del>	(Area Code	- Telephone Nui	nber)
B. ACCO NDEPENDENT PUBLIC ACCOUNTANT will Cohen, Berg & Co. P.C.		is Report*	(Area Code	- Telephone Nui	
B. ACCO NDEPENDENT PUBLIC ACCOUNTANT will Cohen, Beng & Co. P.C.	hose opinion is contained in th Name – if individual, state last, first,	is Report*		- Telephone Nui	PROCE
B. ACCO NDEPENDENT PUBLIC ACCOUNTANT will Cohen, Beng & Co. P.C.	hose opinion is contained in th Name – if individual, state last, first,	is Report*		- Telephone Nui	PROCE
B. ACCO  DEPENDENT PUBLIC ACCOUNTANT wi  Cohen, Beng & Co. P.C.  (130 E. Travis Street, Sui	hose opinion is contained in th Name – <i>if individual, state last, first,</i> te 400 – San Antonio	is Report*  middle name) , Texas 782			PROCE
B. ACCO NDEPENDENT PUBLIC ACCOUNTANT will Cohen, Beng & Co. P.C.  (130 E. Travis Street, Suit (Address) HECK ONE:	hose opinion is contained in th Name – <i>if individual, state last, first,</i> te 400 – San Antonio	is Report*  middle name) , Texas 782			PROCES
B. ACCO DEPENDENT PUBLIC ACCOUNTANT will Cohen, Berry & Co. P.C.  (130 E. Travis Street, Suit (Address)  HECK ONE:  (Continued Public: Accountant)	hose opinion is contained in th Name – <i>if individual, state last, first,</i> te 400 – San Antonio	is Report*  middle name) , Texas 782	05		PROCES  NOV 04 21  FINANCIAL
B. ACCO DEPENDENT PUBLIC ACCOUNTANT will Cohen, Berg & Co. P.C.  (130 E. Travis Street, Suit (Address)  HECK ONE:    Certified Public: Accountant   Public A countant	hose opinion is contained in the Name – if individual, state last, first, te 400 San Antonio (City)	is Report*  middle name) , Texas 782  (State)	05	(Zip Code)	PROCES NOV 04 21
B. ACCOUNTANT WI Cohen, Berry & Co. P.C.  (130 E. Travis Street, Sui- (Address)  HECK ONE:    Certified Public Accountant   Public Accountant   Accountant not resident in Unite	hose opinion is contained in the Name – if individual, state last, first, te 400 — San Antonio (City) —	is Report*  middle name) , Texas 782 (State)	05	(Zip Code)	AOV 04 21
B. ACCOUNTANT WILL COUNTANT WILL Cohen, Berry & Co. P.C.  130 E. Travis Street, Suit (Address)  HECK ONE:    Certified Public Accountant     Public A countant     Accountant not resident in Unite	hose opinion is contained in the Name – if individual, state last, first, te 400 San Antonio (City)	is Report*  middle name) , Texas 782 (State)	05	(Zip Code)	NOV 04 21

Potential persons who are to respond to the order information contained in this formation of the order unless the form displayes corrently visited with a contained in the contained of the order of the

£ LO 1410 (09-02)

#### OATH OR AFFIRMATION

1, _		George R. Dullniq , sw	year (or affirm) that, to the best of
my	kno	y knowledge and belief the accompanying financial statement and supporting schedul	
		George E. Dullnig & Co	, as
of _		<u>December 31,</u> , 20 <u>03</u> , are true and corre	ct. I further swear (or affirm) that
neith	her	ither the company nor any partner, proprietor, principal officer or director has any p	roprietary interest in any account
class	sifi	assified solely as that of a customer, except as follows:	
		The second secon	3 A - A
		AND AND CONTRACTED MENUELE AND CONTRACTOR AND CONTR	
		Notary Public Signal Si	ature
	4	My Comm. Exp. 06-13-2006	
	4	President President	
n	,	A de la Companya de l	ile .
	hi	herrio D Vannos	
		Notary Public	
This		in connect PR access?	
$\mathbf{X}$	່ອງ ອ້	is report ** contains (check all applicable boxes); (a) Facing Page.	
	b)	(b) Statement of Financial Condition.	
<u>⊼</u> (	(c)	(c) Statement of Income (Loss).	
(XI	d)	(d) Statement of Changes in Financial Condition.	
	e)	The state of changes in Stockholders Equity of a artifets of Sole in options	Capital.
	1)		
(Z) (	5) hì	<ul><li>(g) Computation of Net Capital.</li><li>(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3</li></ul>	
`	i) i)	(i) Information Relating to the Possession or Control Requirements Under Rule 15	n-a. n3-3
$\mathbb{Z}$	j)	(j) A Reconciliation, including appropriate explanation of the Computation of Net	Capital Under Rule 15c3-3 and the
		Computation for Determination of the Reserve Requirements Under Exhibit A c	of Rule 15c3-3.
	k)	(k) A Reconciliation between the audited and unaudited Statements of Financial Co	ndition with respect to methods of
		consolidation.	
	m) IJ	(I) An Oath or Affirmation.	
<u>-</u> (20	141) nì	(m) A copy of the SIPC Supplemental Report. (n) A report describing any material inadequacies found to exist or found to have exist.	ad cinca the date of the previous audit
(	. 1 )	con a respect describing any material inadequactes found to axist or found to have exist	ed since me date of the previous addit.

<sup>\*\*</sup>For conditions of confidential weatment of certain portions of this filing, see section 240.17a-5(e)(3).

1	Investor protection. Market inte	NASD /
	investor protection, warket inte	grilly.
- Change		

edule I ember 2003	Hearld: Outlinia Pa	CEORCE E DIVINO R CO	Firm 14, 4000
lated	User Id: DullnigRo	GEORGE E. DULLNIG & CO.	Firm ld: 1690
Validation Results	The second secon	SCHEDULE I	
Errors - 0 Warnings - 0	·	01/01/2003 and ending 12/31/2003 [8005] [8006]	ACOCIVED CO
	SEC File Number:	9809 [8011]	MAR 1- 2004
dule I	Firm ID:	1690	160 30
	Name of Broker Deale	GEORGE E. DULLNIG & (	<u>CO.</u> (20)
	2. Name(s) of broker-dea	aler(s) merging with respondent during reportin	g period:
	Name:	Phone:	
	Name:	[8053] Phone:	[8057]
		[8054]	[8058]
	Name:	Phone:	
	No	[8055]	[8059]
	Name:	Phone: [8056]	[8060]
	Respondent conducts     exclusively with register	a securities business	Yes () No ( [307]
		red as a specialist on a national	Yes () No (9) [5074
	<ol><li>Respondent makes ma securities;</li></ol>	arkets in the foll wing	
	(a) equity secur	rities .	Yes ○ No © 18076
	(b) municipals		Yes O IN The I
•		and the last of the same of th	Yes O 14
•	(c) other debt in	19.0 man, 19	_

7.	of an	insuranc	an insurance company or an affiliate e company:		No @	(8079) 
8.			arries its own public accounts:		No @ .	[8084] 
9.	Respo		iotal number of public customer			
	(d (l on		g firms filing X-17A-5 Part			
	(a	a) Publi	ic customer accounts	<b></b>	Į.	[8080]
	3		ibus accounts			8081]
10.	Respo	ondent cle etary acc	ears its public customer and/or	Yes 〇	№ 🕝 [	
11.		endent cle lowing m	ears its public customer accounts in anner:			
	(a	) Direc Memi	t Mail (New York Stock Exchange bers Only)			8086)
	(b	) Self (	Clearing		[	8087)
	{c		-		[] [	8088]
	` {d	•	ducing		<b>Y</b> (	3089)
	{e		_		[] [8	8090]
	<b>(f)</b>		pplicable		<u> </u>	3091)
12.	and the second second				No 🎯 (8	3100]
	(a)		dent maintains membership(s) on securities exchange(s):			
	(b)		of national securities exchange(s) in spondent maintains memberships:			
		(1)	American		<u> </u>	120]
•		(2)	Boston		[]] [e	121]
		(3)	CBOE		3] [	22]
		(4)	Midwest	•	(8	123)
		(5)	New York			
		(6)	Philadelphia			
		(7)	Pacific Coast			
		(8)	Other			

13.	Employ	ees:						
	(a)	Number of full-time employees	. +	. 4				[8101
	(b)	Number of full-time employees registered representatives employed by respondent included in 13(a)	<u>, +</u>	3				[8102
14.	Number market	of NASDAQ stocks respondent makes		0				[8103]
15.	Total nu was a m		<b>.</b>	0				[8104] 
16.	Number transact	of respondent's public customer ions:	e <sup>r</sup>					
		Actual () [8105]	Esti	mate	O i	8106)	Ν	I/A ()
	(a)	equity securities transactions effected on a national securities exchange	4					[8107]
	(b)	equity securities transactions effected other than on a national securities exchange	*					[8108]
	(c)	commodity, bond, option, and other transactions effected on or off a national securities exchange	_ <b>+</b>					[8109]
17.		dent is a member of the Securities Investor on Corporation		Yes	<ul><li>(a)</li></ul>	No	0	[8111]
18.	Number	of branch officies operated by respondent	+	0				[8112]
19.	A			Yes	$^{\circ}$	No	(õ)	[5130]
	` '	Respondent directly or indirectly controls, is controlled by, or is under common control with a U.S. bank			7			,,
	(b)	Name of parent or affiliate						[8131]
	(c)	Type of institution		•••				(8132)
20,		ent is an affiliate or subsidiary or a frieign ealer or bank		Yes	0	fvC	ŢĠ.	
				 529		۲.		
11.		Prspondent is a suith inlary of unfor it in call independent is a suith inlary of unfor it in call		. L. U		,		

	(b) Name of parent		[8116]
22.	Respondent is a subsidiary of a parent which is not a registered broker or dealer	Yes 🔾	No 🕹 [8115]
23.	Respondent sends quarterly statements to customers pursuant to Rule 10b-10(b) in lieu of daily or immediate confirmations:	Yes C	No @: [8117]
	* Required in any Schedule I filed for the calender year 1978 and succeeding years.		
24.	Aggregate Dollar Amount of Non-Exempted OTC Sales of Exchange-Listed Securities Done by Respondent During the Reporting Period	+.	[8118]
	N.A.S.D. Miscellaneous Information		
Annua	Municipal Income	0	[8151]

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# **FOCUS REPORT**

FORM X-17A-5

(Financial and Operational Combined Uniform Single Report)

Part IIA Quarterly 17a-5(a)

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17

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v	0	v	ㄷ	ҡ

Select a filing method;		Basic 🍑 Alternat	
Name of Broker Dealer:	GEORGE E. D		
		[0013]	SEC File Number: 8- 9809
Address of Principal Place of Business:	115 E. TRAVIS	ST SUITE 11 (0020)	[0014]
	SAN ANTONIO I	78205	Firm ID: <u>1690</u>
	[0021] [002	[0023]	[0015]
For Period Beginning 10/01/2003 [0024]	And Ending <u>12/31/2</u>		403050
Name and telephone number of perso			
Name: GEORGE R.			MAR I. 2004
	[0030]	[0031]	Man //
reme(s) of subsidiaries or affiliates co	nsolidated in this report:		As and
			``\\$;\160 <i>\\$</i>
i.ame:	Phone: [0032]	[0033]	(F) (60 / SE
	Phone: [0032] Phone:	[0033]	
lame:	Phone:	[0033]	
ilame:	Phone:	[0033]	
ametamet	Phone:	[0033] [0035]	
lame:	Phone:	[0033]	

# ASSETS

20កាន	olidated '	[0198] Unconsolidated	d 🧐 [0199]		
			Allowable	Non-Allowable	Total
1.	Cash		-5,827		-5,827
~	Danis		[0200]		[0750]
2_	dealers	ables from brokers or :			
	A.	Clear <b>anc</b> e	74,302		
		account	{0295}		
	8.	Other			74,302
			[0300]	[0550]	[0810]
3.	Receiva	ables from non. ers	[0355]	<u>200</u> [0600]	200 [0830)
4.	Securition common market v	es and spot dities ow <b>ned,</b> at value:			
	A.	Exempted			
	• • •	securities	[0418]		
	В.	Debt securities	[0419]		
	C.	Options	[0420]		
	_	0.11	337,196		
	D.	Other securities	[0424]		
	E.	Spot			337,196
		commodities	[0430]		[0850]
5	Securiție investme marketai	es and/or other ents not readily ole:			
	A.	At cost			
	***	18,900 [0130]			
	В.	At estimated fair value	[0440]	[0610]	0860)
			[0440]	[66.10]	
.*	t abordina and partr	s borrowed under ation agreements ers' individual and courities accounts,	[0460]	(0630)	0380)
	A.	Exempted cecurities			
		[0150]		•	
	Б.	Other securities			
		4			
		(0150)			

the state stationary maritime, construction of the supplicable for the state of the state of the state of

# LIABILITIES AND OWNERSHIP EQUITY

		Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13.	Bank lo	oans payable	[1045]	[1255]	<u>0</u> {1470]
14.	Payabl	e to brokers or dealers:		, ,	
			116,312		116,312
	A.	Clearance account	[1114]	[1315]	[1560]
	В.	Other	1,034	(4205)	1,034
	•		[1115]	[1305]	(1540)
15.	Payable	e to non-customers	[1155]	[1355]	[1610]
16.	Securiti	es sold not yet purchased,			0
	at mark	et value		[1360]	[1620]
17.	Accoun	ts payable, accrued		27,000	27,000
	liabilitie	s, expenses and other	[1205]	[1385]	[1685]
18.	Notes a	nd mortgages payable:			
	A.	Unsecured	[1210]		<u>0</u> [1590]
	5				0
	В.	Secured	[1211]	[1390]	[1700]
19.	Liabilitie of gene	es subordinated to claims ral creditors:			
	A.	Cash borrowings:		[1400]	<u>0</u> [1710]
		1. from outsiders			
		[0970]			
		2. Includes equity subordination (15c3-1(d)) of			
		[0980]			
	B.	Securities borrowings, at market value:		[1410]	<u>0</u> [1720]
		from outsiders			
		(5,000)			
	_	(0990)			
	C.	Pursuant to secured demand note collateral agreements:		1/_C'	******
		i. from outsiders			

[1,000]

2. Includes equity subordination (15c3-1(d)) of

[1010]

D. Exchange memberships contributed for use of company, at market value

[1430] [1740]

E. Accounts and other borrowings not qualified for net capital purposes

[1220]

[1750]

20. TOTALLIABLITIES

117,346 [1230] 27,000 [1450]

[1440]

144,346 [1760]

### **OwnershipEquity**

			Total
21.	Sole pr	oppietorship	[1770]
22.	Partner	rstip (limited partners	,
	[1020])	partiets	[1750]
23.	Corpor	atms:	
	Δ	Preferred stock	500
	Ο.	Victorian 810CK	[1791]
	В.	Cornmon stock	
			835
	C.	Additional paid-in capital	[1793]
		Make to 1	224,572
	D.	Retained earnings	[1794]
	Ε.	Total	294,907
	₩.	lova (	[1795]
	F.	ലടട capital stock in treasury	[1796]
			294,907
	TOTAL	ONNERSHIP EQUITY	
			• •
	TOTAL	LIEFILITIES AND OWNERSHIP EQUITY	439, 253 [1810]
		THE PROPERTY OF THE PROPERTY O	) . (i - C)

# STATEMENT OF INCOME (LOSS)

	Period Beginning 10/01/2003         Period Ending 12/31/2003         Number of month           [3932]         [3933]	[3931]
REV	ENUE	
1.	Commissions:	00.043
	<ul> <li>a. Commissions on transactions in exchange listed equity securities executed on an exchange</li> </ul>	99,043
	b. Commissions on listed option transactions	[3938]
	c. All other securities commissions	[3939]
	d. Total securities commissions	99, 043 [3940]
2.	Gains or losses on firm securities trading accounts	•
-	·	[3945]
	a. From market making in options on a national securities exchange	12,293
	b. From all other trading	[3949]
	Table	12, 293 [3950]
	c. Total gain (toss)	48,393
3.	Gains or losses on firm securities investment accounts	[3952]
4.	Profit (loss) from underwriting and selling groups	[3955]
5.	Revenue from sale of investment company shares	[3970]
6.	Commoditiessevenue	[3990]
7.	Fees for account supervision, investment advisory and administrative services	[3975]
	Other revenue	5, 092 [3995]
ŧ	Other revenue	164,821
÷	Total revenue	[4030]
· > ===================================	PENSES	55,718
.:	Salaries and their employment costs for general partners and voting stockholder officers	[4120]
	Other employee compensation and benefits	16,503 (4115)
	Commissionspaid to other broker-dealers	[4140]
	Interest expense	<u>925</u> (4075)
	a. Includes interest on accounts subject to subject to subject ination agreements	
	egulatory fees and expenses	The second secon
	ther expenses	
	fote! copense:	

	_			
7.	Secured demand notes market value of collateral:	[0470]	[0640]	<u>0</u> (0890)
	A. Exempted securities			
	[0170]			
	B. Other securities			
	[0180]			
8.	Memberstips in exchanges:			
	A. Owned, at market			
	[0190]			
	B. Gwned, at cost		(0650)	
	C. Contributed for			0
	use of the company, at market value		[0660]	[0900]
9.	investment in and			0
	receivables from affiliates, subsidiaries and associated partnerships	[0480]	[0670]	[0910]
15.	•		7,381	7,381
	equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	(0490)	[0880]	[0920]
_	Other assets		26,000	26,000
	Ottie: 699518	[0535]	(0735)	[0930]
•		405,671	33,591	439, 252 [0940]
	TOTAL ASSETS	[0540]	[0740]	[0940]

NFT	INCOME	[4200]
	THOOME TO THE PROPERTY OF THE	14 605
17.	Net Income(loss) before Federal Income taxes and items below (Item 9 less Item 16)	11,595 (4210)
18.	Provision for Federal Income taxes (for parent only)	<u>-4,512</u> [4220]
19.	Equity in earnings (losses) of unconsolidated subsidiaries not included above	[4222]
	a. After Federal income taxes of [4238]	
20.	Extraordinary gains (losses)	[4224]
	a. After Federal income taxes of [4239]	
21.	Cumulative effect of changes in accounting principles	[4225]
22.	Net income (loss) after Federal income taxes and extraordinary items	16,107 [4230]
MONT	THLY INCOME	
23.	Income (current monthly only) before provision for Federal income taxes and extraordinary items	<u>-41,394</u> (4211)

# EXEMPTIVE PROVISIONS

25.	If an exemption from Rule 15c3-3 is claimed, iden exemption is based	tify below the section upon which such	
	A. (k)		[4550]
	(1)-Limited business (mutual funds a	and/or variable annuities only)	
	B. (k) (28i)"Special Account for the Exclusion	sive Benefit of customers" maintained	[4560]
	C. (k) (2स्म)As customer transactions clea	red through another broker-dealer on a	₽ <sub>[4570]</sub>
	fully disclosed basis. Name of clearing	ng firm(s)	
	Cleating Firm SEC#s	Name	Product Code
	8- <u>26740</u>	NATIONAL FINANCIAL SERVICES LL	A11 [4335B]
	[4335A]	[4335A2]	
	8		[4335D]
	[4335C]	[4335C2]	
	8- <u> </u>		(4335F)
	[4335E]	[4335E2]	
	8		[4335H]
	[4335G]	[4335G2]	
	8		[4335J]
	[43351]	[433512]	
	D. (k) (3)Exempted by order of the Commi	ssion	[4580]

# COMPUTATION OF NET CAPITAL

				294,907
1.	Total ov	wnership equity from Statement of Financial Condition	n	[3480]
2.	Deduct ownership equity not allowable for Net Capital			[3490]
•	· <b>T</b>			294,907
3.	iotai ov	wnership equity qualified for Net Capital		[3500]
4.	Add:			0
	A.	Liabilities subordinated to claims of general cr computation of net capital	reditors allowable in	[3520]
	В.	Other (deductions) or allowable credits (List)		
		Deferred Tax-Investment	27,000	
		[3525A]	[35258]	
		[3525C]	[3525D]	
				27,000
		(3525E)	[3525F]	[3525]
5.	Total ca	apital and allowable subordinated s		321,907 [3530]
6.	Deducti	ons and/or charges:		
	Α.	Total nonallowable assets from	33,581	
	Α.	Statement of Financial Condition (Notes B and C)	[3540]	
	₿.	Secured demand note deficiency	[3590]	
	c.	Commodity futures contracts and spot commodities - proprietary capital charges	[3600]	
	D.	Other deductions and/or charges	[3610]	<u>-33,561</u> [3620]
	Other as	dditions and/or credits (List)		
		(2000.6)	[36303]	
		( <b>3</b> 630A)	[30305]	
		[3630C]	[3630D]	0
		[3630E]	[3630F]	(3630)
	Net cap position	ital before haircuts on securities s		288,326 [3640]
	Hairouts applicat	s on securities (computed, where Je, pursuant to 15c3-1(f)):		
	3.	Contractual and with a	3,060	
	,	Contractual securities commitments	(3660)	
	뀰.	Subordinated securities corrowings	[6:07:0]	
	Ċ.	Trading and investment scourities:		

Part IIA - Draft - Period: 12/2003

Exempted securities	[3736]	
2. Debt securities	[3733]	
3. Options	[3730] 64,839	
4. Other securities	[3734]	
D. Undue Concentration	<u>24,355</u> (3650)	
E. Other (List)		
[3736A]	[3736B]	
[3736C]	[3736D]	
[3736E]	[3736F] 0 -92,194 [3736] [3740	
10. NetCapital	196, 133 (3750	2

# COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part P	•			7,823
5 <b>5</b>	Minimum net	capital required (6-2/3% of line 19)		[3756]
12.	Minimum dolla andminimum accordance w	ar net capital requirement of reporting broke net capital requirement of subsidiaries com ith Note(A)	er or dealer eputed in	[3758]
	accuration w	MOTE(A)		100,000
· ·	Net apital red	quirement (greater of line 11 or 12)		[3760]
	Excess net ca	pital (line 10 less 13)		96, 132
	Lx tese from ca	pital (life 10 less 13)		184,397
	Excess metical	pital at 1000% (line 10 less 10% of line 19)		[3780]
		COMPORATION OF AGO	GREGATE INDEBTEDNESS	117,346
	Financial Con	lities from Statement of		<u>117,346</u> [379 <b>0</b> ]
		lities from Statement of		
	Financial Con Add:	lities from Statement of	[3800]	
	A Drainas Con  Add:  A Drainas Con  A Drainas Con	lities from Statement of dition		
	Add:  A Drai  B War  bon  equ  crec	lities from Statement of dition  fts for immediate credit ket value of securities rowed for which no ivalent value is paid or	(3.800)	

Page 11 of 13 Part IIA - Draft - Pariod: 12/2003 [3820D] [3820C] [3820F] [3820E] [3830] [3820] 117,346 [3840] 19. Total aggregate indebtedness 20. Percentage of aggregate indebtedness to net capital (line 19 / line 10) [3850] OTHER RATIOS 21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)

# SCHEDULED WITHDRAWALS

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual(4600)	Nam <b>e of</b> Lender or Contributor	Insider or Outsider	Amount to be Withdrawn (cash amount and/or <b>Net</b> Capital Value of Securities)	Withdrawal or Maturity Date (MMDDYYYY)	to
	[4601]	[4602]	[4603]	[4604]	(4605 <u>)</u>
_ [4610]	[4611]	[4612]	[4613]	[4614]	[4615]
[4620]	[4011]	[4012]	(4013)	[4014]	[4010]
	[4621]	[4622]	[4623]	[4624]	[4625]
_ (4630)					
	[4631]	[4632]	[4633]	[4634]	[4635]
_ (4640)	1,0,10	. 45.40	[0.101]		[46.45]
_ [4650]	[4641]	<b>[46</b> 42]	[4643]	[4044]	[4645]
_ [1000]	[4651]	[4652]	[4653]	[4654]	[4655]
_ [4660]					-
	[4661]	[4662]	[4663]	[4664]	[4665]
_ [4670]	(4674)	(4672)	[4673]	[4674]	[4675]
_ [4680]	[4671]	[4672]	[40/3]	[4074]	[4013]
_(,000)	[4681]	[4682]	[4683]	[4684]	[4685]
_ {4690}					_
	[4691]	[4692]	[4693]	[4694]	[4695]
		TOTAL \$	0		
			[4699]		
			Ossil Danning		

Omit Pennies

nstructions. Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c) (2)(iv)), which could be required by the lender on demand or in less than six months.

Withdrawal C	odel Description
1	Equity Capital
2	Subordinated Listilities
3	Accruals
4	[15c3-1(c)(2)(iv) Labilities

# STATEMENT OF CHANGES

		STATEMENT OF CHANGES IN OWNERS (SOLE PROPRIETORSHIP, PARTNERSHIP OF		
1.	Balante	, beginning <b>of</b> period	_	278,801 (4 <b>240</b> )
	A.	Net income (loss)		16, 107 [4250]
	В.	Additions (includes non-conforming capital of	[4262] )	[4260]
	C.	Deductions (includes non-conforming capital of	[4272] )	[4270]
2.	Balance	end of period (From item 1800)	_	294, 908 [4290]
		STATEMENT OF CHANGES IN LIABILITIES S TO CLAIMS OF GENERAL CREDI		
3.	Balance	, beginning of period		[4300]
	A.	Increases	_	[4310]
	В.	Decreases		[4320]
4.	Balance	end of period (From item 3520)		<u>0</u> [4330]



# AUDIT REPORT OF GEORGE E. DULLNIG & CO.

AS OF

DECEMBER 31, 2003 AND 2002

# TABLE OF CONTENTS

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STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 7
SIMPLEMENTARY SCHEDIILES	8 - 9



Stanley Cohen, CPA Leonard Retzloff, CPA Certified Public Accountants

Harold M. Berg, CPA Fernando J. Rocha, CPA

Board of **Di**rectors George E. **Du**llnig & Co. San Anto**ni**o, Texas

#### **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying balance sheet of George E. Dullnig & Co. (a Texas Corporation) as of December 31, 2003 and 2002, and the related statements of income, changes in stockholders' equity, cash flows, and supplementary schedules for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of George E. Dullnig & Co. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Cohen, Barg of Co., P.C.

Cohen, Berg & Co., P.C. Cenifica Public Accountants

Fébruary 10,2004 San Antonio, Texas

## **BALANCE SHEET**

# AS OF DECEMBER 31, 2003 AND 2002

## <u>A S S E T S</u>

Age to	2003	2002
CURRENT ASSETS		
Cash	\$*** 0	\$ 9,594
Sales Commission Receivable	24,302	26,137
Accounts Receivable - Employees	200	0
Accounts Receivable - Other	0	1,500
Prepaid Expenses	0	1,589
Inventory - Trading Securities	101,808	156,678
Investment Securities	235,389	338,624
total current assets	\$ 361,699	\$ 534,122
PROPERTY AND EQUIPMENT		
Furniture and Equipment	\$ 38,940	\$ 34,636
Less: Accumulated Depreciation	31,559	27,064
		the state of the s
net property and equipment	7,381	7,572
OTHER ASSETS	and the state of	
Stock Exchange Membership	\$ 600 M 100 M	\$ 47,000
Escrow Deposit	50,000	50,000
Deferred Tax Asset	26,000	6,900
total other assets	76,000	103,900
TOTAL ASSETS	\$ 445,080	\$ 645,594

## LIABILITIES AND STOCKHOLDERS' EQUITY

(1975年) 1975年 197

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	2003	2002		
CURRENT LIABILITIES	·.			
Payables to Broker-Dealers and Clearing	·*			
Organizations	\$ 116,132	\$ 103,365		
Checks Written Against Future Deposits	5,827	0		
Accounts Payable	1,214	5,915		
total current liabilities	\$ 123,173	\$ 109,280		
OTHER LIABILITIES	v.	,		
Deferred Income Tax	\$ 27,000	\$ 42,000		
STOCKHOLDERS' EQUITY	grand of the second			
Common Stock: \$1 Par Value,	स्तर्भा । के स्वतंत्रा । के साथ । विकास सम्बद्धाः			
1,000,000 Shares Authorized,	and making of the e			
69,000 Shares Outstanding	\$ 69,000	\$ 69,000		
Preferred Stock	500	500		
Paid in Capital	835	835		
Retained Earnings	70,756	184,240		
Unrealized Gain on Securities	153,816	239,739		
total stockholders' equity	294,907	494,314		
TOTAL LIABILITIES AND				
STOCKHOLDERS' EQUITY	\$ 445,080	<u></u>		

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# STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

# FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	OMMON	EFERRED		ID <b>IN</b>		ETAINED		CCUMULATED OTHER MPREHENSIVE	
	 TOCK	 TOCK	CAL	PITAL	_ <u>E</u> A	ARNINGS		INCOME	 TOTAL
BALANCE JANUARY 1, 2002	\$ 69,000	\$ 500	\$	835	\$	207,485		132,812	\$ 410,632
NET LOSS						(4,395)			(4,395)
UNREALIZED GAINS ON INVESTMENT SECURITIES - (NET OF DEFERRED TAXES OF \$19,000)								106,927	106,927
,								100,527	100,52,
DIVIDENDS PAID	 	 			-	(18,850)			 (18,850)
BALANCE DECEMBER 31, 2002	\$ 69,000	\$ 50 <b>0</b>	\$.	835	\$	184,240	\$	239,739	\$ 494,314
NET LOSS						(113,484)			(113,484)
NREALIZED LOSSES ON INVESTMENT -ECURITIES - (NET OF DEFERRED TAXES									
)F \$15,000)	 	 		····	17	dellere relegyable tolk har-pitallelemp al ga	-4	(85,923)	 (85.923)
LANCE CEMBER 31, 2003	\$ 69,000			<sup>4</sup> 35		) , 756 2002 200 <del>7</del>	ý.	153,817	

"The accompany to protect and and it is the other than the courtest

#### **STATEMENT OF INCOME**

## FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NA THE TEARS ENDED DECEMBE	K 31, 200	3 AND 2002	%			%
		2003	Income		2002	Income
<u>INCOME</u>		2000	7/10/11/0		2002	
Commissions - OTC Agency	\$	71,009	22.7	\$	71,290	18.1
Commissions - OTC 3rd Market	,	254,428	81.3	•	208,171	53.0
Commissions - Listed Securities		0	0.0		54	0.0
Commissions - Listed Options		955	0.3		4,189	1.1
Mutual Fund Income		616	0.2		2,501	0.6
Overflow Income		0	0.0		399	0.1
Gain (Loss) from Sale of Trading	•					
Securities		1,374	0.4		(3,191)	(0.8)
Loss from Sale of Investment						
Securities .		(1,909)	(0.6)		0	0.0
Unrealized Gain (Loss) on		(, ,	` ′			
Trading Securities	1	(45,498)	(14.5)		66,086	16.8
Miscellaneous Income		8,102	2.6		15,660	4.0
Dividend Income		3,667	. 1.2		3,375	0.9
Interest Income		20,115	6.4		24,364	6.2
total income	\$	312,859	100.0	\$	392,898	100.0
OFERATING EXPENSES		388,452	124.2		396,737	100.8
LOSS FROM OPERATIONS	\$	(75,593)	(24.2)	\$	(3,839)	(0.8)
OTHER INCOME (EXPENSE)						
Bad Debt Recovery	\$	0	0.0	S	500	0.1
Interest Expense	•	(3,795)	(1.2)		(1,336)	(0.3)
Less on Sale of Asset		(53,196)	(17.0)		o´	0.0
		· · · · · · · · · · · · · · · · · · ·	······································			
total other income (expense)		(56,991)	(18.2)	<del></del>	(836)	(0.2)
LOS BEFORE INCOME TAXES	\$	(132,584)	(42.4)	\$	(4,675)	(1.0)
INCOME TAX BENEFIT		19,100	6.1	Souther suppliers on	280	0.1
NETLOSS	\$	(113,484)	(36.3)	\$	(4,395)	(0.9)
CTER COMPREHENSIVE						
TWO WE						
Unralized Gains on Available						
f. Pale Securities - net of taxes		61,913			71.4 CM	
LOW. COMPREHENSIVE	depresentation of the control of the					
INTO PRIMIT OSS)	Ç	ggt fig.		,. <i>-</i> -	TEMET AND S	

"The accompanying times are a climprolipinal parameter (x,y) in  $\mathbb{R}^{2}$ 

# STATEMENT OF CASH FLOWS

# FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

		2003		2002
CASH FLOWS FROM OPERATING A CTIVITIES				
Net Loss	\$	(113,484)	\$	(4,395)
Adjustments to Reconcile Net Loss to Net Cash				•
from Operating Activities:				
Depreciation		4,495		4,379
Loss from Sale of Assets		55,105		0
(Increase) Decrease in Assets:				•
Change in Receivables		3,135		(8,960)
Change in Prepaid Expenses	,	1,589		(151)
Change in Inventory		54,870		(47,795)
Change in Deferred Tax Asset		(19,100)		(280)
Increase in Liabilities:				
Accounts Payable		8,066		94,280
Checks Written Against Future Deposits		5,827		0
net cash flows from operating activities	\$	503	\$	37,078
CASH FLOW FROM INVESTING ACTIVITIES				
Investment in Stock Exchange	\$	(7,500)	\$	(18,000)
Capital Expenditures		(4,304)		0
Proceeds from Sale of Assets		1,707		0
net cash flows from investing activities		(10,097)		(18,000)
		( )		( , ,
CASH FLOW FROM FINANCING ACTIVITIES		•		
Dividends Paid	\$	0	\$	(18,850)
NET CHANGE IN CASH	\$	(9,594)	\$	228
AND CHINAGE IN CASH	Ф	(2,U2 <del>4</del> )	Ψ	440
CASH BALANCE - BEGINNING OF THE YEAR		9,594		9,366
CASH BALANCE - END OF YEAR	S	0	g.	9,594_
TO THE TAXABLE PROPERTY OF THE INTERNATIONAL PROPERTY OF THE INTER				

#### SUPPLEMENTAL DISCLOSURES:

- ... No income taxes were paid in the years presented.
- ... The company incurred and paid interest costs of \$3,795 and \$1,336 for the years ended December 31, 2003 and 2002, respectively.

#### **NONCASH DISCLOSURES:**

... Deferred taxes on the unrealized gains on investment securities decreased by \$15,000 and and increased by \$19,000 for the years ended December 31, 2003 and 2002, respectively.

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## NOTES TO THE FINANCIAL STATEMENTS

#### AS OF DECEMBER 31, 2003 AND 2002

#### NOTE1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A Nature of Operations

The Company is a broker-dealer registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers (NASD).

#### B. <u>Use of Accounting Estimates</u>

ALTERNATION OF THE STATE OF THE STATE OF

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates.

#### C. <u>Comprehensive Income</u>

Statement of Financial Accounting Standards No. 130, <u>Reporting Comprehensive Income</u>, (SFAS 130), requires that total comprehensive income be reported in the financial statements. Total comprehensive income is presented on the statement of income and statement of changes in stockholders' equity.

# D. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed by using the straight-line method for financial reporting purposes. The estimated useful lives of the assets are:

#### Furniture and Fixtures

.3 - 10 years

For federal income tax purposes, depreciation is computed by using the modified accelerated cost recovery method. Maintenance, repair, and renewals that neither materially add to the value of the proper appreciably prolong its life are charged to constant informed. Gallesses on disposition of property and equipment are included.

# E. Marketable Securities

and the second

Marketable securities are carried at fair market value which is in compliance with the S.E.C.'s regulations in reporting marketable securities.

Marketable securities at December 31, are summarized as follows:

	2003	2002
Trading Securities	23 - 3	
Market Value	\$ 101,808	\$ 156,678
Cost	192,125	201,500
Unrealized Loss	\$ (90,317)	\$ (48,822)
The program of the programmer of	$\mathcal{A}^{\mathcal{C}} = f^{-\frac{1}{2}}$	
Investment Securities		
Market Value	\$ 235,389	\$ 338,624
Cost	54,573	56,886
Unrealized Gain	\$ 180,816	\$ 281,738
Unrealized Gain  Less: Deferred taxes  on unrealized gains		
on unrealized gains on investment securities	(27,000)	(42,000)
Net Unrealized Gain on Investment Securities	\$ 153,816	\$ 239,738

During the years December 31, 2003 and 2002, the Company had realized gains (losses) from the sale of some of its trading and investment securities. The sales proceeds and cost basis by year are as follows:

			2003	 2002
Trading Securities Sales Proceeds Cost Basis	**	\$	10,749 9,375	\$ 3,184 6,375
Realized Gain (Loss)		e. Geografia	. 1/3 <u>74.</u>	\$ 101)

#### **NOTES** TO THE FINANCIAL STATEMENTS

#### **AS OFDECEMBER 31, 2003 AND 2002**

#### NOTE1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	·	O TO DICIED (		<del></del>
18 8 8 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	The state of the second section is the second secon	2003		2002
	Investment Securities			
	Sales Proceeds			0
The second		2,312		0
	1990年12年,日本建筑中国中国		. · <del></del>	
	Realized Loss	\$ (1,909)	\$	0
F.	Payables to Brokers or Dealers	ar og er for atter		
	[1] [1] [1] [1] [1] [2] [2] [2] [2] [2] [2] [2] [2] [2] [2	2003	·	2002
	Other - Margin Account	\$ 116.132	\$	103.365
	A CONTROL OF THE		7, 7 -	
• .	The Company received advances from its ma broker. The amounts due represent advance purposes and are collateralized by securities of	rgin account he es received for	ld at work	its clearing aing capita
G.	Income Taxes		2.1	

#### G.

Listed below is a reconciliation of the income tax benefit: and the second of the second section is the second of the

and the first of the first of the same and the same in the same of	2003		2002
Deferred Income Tax Benefit	\$ 19,100	- \$	280

#### H. Deferred Tax Asset/Liability

	2003	2002
Noncurrent Deferred Tax Asset  Noncurrent Deferred Tax Liability	S 26,000 (27,000)	\$ 6,900 (42,000)
Net Noncurrent Deferred Tax Liability	S (1,000)	S (35,100)

The deferred tax asset results primarily from than cloperal intendication in the carryforwards of \$127,191 and \$50,402 and the element of the order resulting from \$180,816 and \$281,738 in appendixed options of the 10 be stated at market value for ton purposes tox chargoids. The wa 2003 and 2 12, taspectively.

## **NOTE 2- NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2003 and 2002, the Company had net capital of \$196,132 and \$336,116, which is \$96,132 and \$236,116 in excess of its required net capital of \$100,000. The company's percentage of aggregate indebtedness to net capital was 63% and 33% for the years ended December 31, 2003 and 2002.

## NOTE 3 · STOCK EXCHANGE MEMBERSHIP

During December, 2003, the Company sold its seat membership in the Philadelphia Stock Exchange. Gross proceeds were \$7,000 less selling and other expenses of \$5,696. Total cost basis, excluding these expenses was \$54,500, resulting in a net loss of \$53,196.

#### NOTE 4 - OTHER DISCLOSURES

The most recent annual report of George E. Dullnig & Co., pursuant to Rule 17A-5 is available for examination at our office as well as the regional office of the Securities and Exchange Commission, Ft. Worth, Texas.

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# SCHEDULE OF OPERATING EXPENSES

# FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

		%			%
	2003	Income		2002	Income
OPERATING EXPENSES					
Advertising	\$ 0	0.0	\$	6,250	1.6
Bad Debt	<b>1,50</b> 0	0.5		0	0.0
Brokerage and Clearance Fees	26 <b>,09</b> 3	8.3		30,012	7.6
Charitable Contributions	<b>46</b> 0	0.1		. 0	0.0
Commissions	191,118	61.1		170,234	43.3
Contract Labor	4 <b>7</b> 7	0.2		0	0.0
Depreciation	4,495	1.4		4,379	1.1
Dues, Fees and Assessments	4,376	1.4		2,041	0.5
Entertainment	1,805	0.6		4,637	1.2
Insurance	32,735	10.5		30,320	7.7
Internet	3,393	1.1		3,280	0.8
Office	8,253	2.6		8,280	2.1
Parking	6,56 <b>0</b>	2.1		4,800	1.2
Payroll Service	532	0.2		0	0.0
Postage	1,243	0.4		1,391	0.4
Printing and Reproduction	245	0.1		0	0.0
Professional Services	12,305	3.9		7,625	1.9
Rent	16,39 <b>8</b>	5.2		19,785	5.0
Repairs and Maintenance	55 <b>3</b>	0.2		94	0.0
Salaries - Other	31,972	10.2		48,591	12.4
Subscriptions	O	0.0		1,572	0.4
Taxes - General	176	0.1		0	0.0
Taxes - Payroll	14,313	4.6		15,254	3.9
Taxes - State/Local	636	0.2		1,324	0.3
Telephone	4,964	1.6		5,377	1.4
Wire Service	23,850	7.6		31,491	8.0
TOTAL OPERATING					
EXPENSES	\$ 388,452	124.2	S	396,737	100.8

6.7

## COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

Iotal Stockholder's Equity         2003         2002           Add: Allowable Liabilities         Deferred Tax Liability - Unrealized Gains on Investments         27,000         42,000           total capital         \$ 321,907         \$ 536,314           Ess: Nonallowable assets         200         \$ 0           Accounts Receivable - Employees         200         \$ 0           Accounts Receivable - Other         0         1,500           Prepaid Expenses         0         1,589           Stock Exchange Membership         0         47,000           Net Property and Equipment         7,381         7,572           Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities         \$ 3,000         \$ 0           Faircuts on Securities         \$ 3,000         \$ 0           Inading and Investment Securities         \$ 3,000         \$ 0           Inading and Investment Securities         \$ 3,000         \$ 0           Inading and Investment Securities         \$ 3,000         \$ 0           Induce Concentrations         \$ 21,6435         \$ 44,739           Iteral haircuts on securities         \$ 116,432         \$ 336,116	<b>AS OF DEC</b> EMBER 31, 2003 AND 2002		. ,	
Add: Allowable Liabilities         \$ 294,907         \$ 494,314           Deferred Tax Liability - Unrealized Gains on Investments         27,000         42,000           total capital         \$ 321,907         \$ 536,314           Less: Nonallowable assets         200         \$ 0           Accounts Receivable - Employees         \$ 200         \$ 0           Accounts Receivable - Other         0         1,500           Prepaid Expenses         0         1,589           Stock Exchange Membership         0         47,000           Net Property and Equipment         7,381         7,572           Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities Positions         \$ 288,326         \$ 471,753           Faircuts on Securities:         200         \$ 0           Contractual Securities Commitments         \$ 3,000         \$ 0           Trading and Investment Securities         \$ 4,839         90,898           Undue Concentrations         24,355         44,739           total haircuts on securities         92,194         135,637           NET CAPITAL         \$ 196,132         \$ 336,116           Aggregate I	ME OF DECLIVIDER 31, 2003 THVD 2002		2003	2002
Deferred Tax Liability - Unrealized Gains on Investments         27,000         42,000           total capital         \$ 321,907         \$ 536,314           Less: Nonallowable assets         Saccounts Receivable - Employees         \$ 200         \$ 0           Accounts Receivable - Other         0         1,500           Prepaid Expenses         0         1,589           Stock Exchange Membership         0         47,000           Net Property and Equipment         7,381         7,572           Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities         \$ 288,326         \$ 471,753           Haircuts on Securities:         \$ 3,000         \$ 0           Irading and Investment Securities         \$ 3,000         \$ 0           Irading and Investment Securities         \$ 44,739           total haircuts on securities         92,194         135,637           NET CAPITAL         \$ 196,132         \$ 336,116           Agreegate Indebtedness         Payable to Brokers and Dealers         176,32         \$ 74.7           Ciffier Accounts Payable         74.7         74.7	Total Stockholder's Equity	\$		\$ 494,314
Deferred Tax Liability - Unrealized Gains on Investments         27,000         42,000           total capital         \$ 321,907         \$ 536,314           Less: Nonallowable assets         Saccounts Receivable - Employees         \$ 200         \$ 0           Accounts Receivable - Other         0         1,500         Prepaid Expenses         0         1,589           Stock Exchange Membership         0         47,000         Accounts Property and Equipment         7,381         7,572         Deferred Tax Asset         26,000         6,900           Net Capital Before Haircuts on Securities Positions         \$ 288,326         \$ 471,753           Haircuts on Securities:         \$ 3,000         \$ 0           Trading and Investment Securities         \$ 3,000         \$ 0           Irading and Investment Securities         \$ 44,739           total haircuts on securities         92,194         135,637           NET CAPITAL         \$ 196,132         \$ 336,116           Aggregate Indebtedness Payable         Payable to Brokers and Dealers Other Accounts Payable         7,441         4,472				
on Investments         27,000         42,000           total capital         \$ 321,907         \$ 536,314           Less: Nonallowable assets         Saccounts Receivable - Employees         \$ 200         0           Accounts Receivable - Other         0         1,500           Prepaid Expenses         0         1,589           Stock Exchange Membership         0         47,000           Net Property and Equipment         7,381         7,572           Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities         \$ 288,326         \$ 471,753           Haircuts on Securities:         \$ 3,000         \$ 0           Trading and Investment Securities         \$ 3,000         \$ 0           Irading and Investment Securities         \$ 4,235         44,739           total haircuts on securities         92,194         135,637           NET CAPITAL         \$ 196,132         \$ 336,116           Aggregate Indebtedness         Rysable to Brokers and Dealers         176,32         \$ 336,116           Ciffier Accounts Payable         74,41         176,32         176,32	Add: Allowable Liabilities			
total capital         \$ 321,907         \$ 536,314           Less: Nonallowable assets         Accounts Receivable - Employees         \$ 200         0           Accounts Receivable - Other         0         1,500           Prepaid Expenses         0         1,589           Stock Exchange Membership         0         47,000           Net Property and Equipment         7,381         7,572           Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities Positions         \$ 288,326         \$ 471,753           Haircuts on Securities:         Contractual Securities Commitments         \$ 3,000         \$ 0           Trading and Investment Securities         64,839         90,898           Undue Concentrations         24,355         44,739           total haircuts on securities         92,194         135,637           NET CAPITAL         196,132         \$ 336,116           Aggregate Indebtedness         Payable to Brokers and Dealers         176,322         576           Cther Accounts Payable         74,21	Deferred Tax Liability - Unrealized Gains			
Less: Nonallowable assets	on Investments		27,000	42,000
Less: Nonallowable assets				
Accounts Receivable - Employees         \$ 200         \$ 0           Accounts Receivable - Other         0         1,500           Prepaid Expenses         0         1,589           Stock Exchange Membership         0         47,000           Net Property and Equipment         7,381         7,572           Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities Positions         \$ 288,326         \$ 471,753           Haircuts on Securities:         \$ 3,000         \$ 0           Trading and Investment Securities         64,839         90,898           Undue Concentrations         24,355         44,739           total haircuts on securities         92,194         135,637           NET CAPITAL         \$ 196,132         \$ 336,116           Aggregate Indebtedness         136,332         \$ 336,116           Payable to Brokers and Dealers         74,13	total capital	\$	321,907	\$ 536,314
Accounts Receivable - Employees         \$ 200         \$ 0           Accounts Receivable - Other         0         1,500           Prepaid Expenses         0         1,589           Stock Exchange Membership         0         47,000           Net Property and Equipment         7,381         7,572           Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities Positions         \$ 288,326         \$ 471,753           Haircuts on Securities:         \$ 3,000         \$ 0           Trading and Investment Securities         64,839         90,898           Undue Concentrations         24,355         44,739           total haircuts on securities         92,194         135,637           NET CAPITAL         \$ 196,132         \$ 336,116           Aggregate Indebtedness         136,332         \$ 336,116           Payable to Brokers and Dealers         74,13			•	·
Accounts Receivable - Other         0         1,500           Prepaid Expenses         0         1,589           Stock Exchange Membership         0         47,000           Net Property and Equipment         7,381         7,572           Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities Positions         \$ 288,326         \$ 471,753           Haircuts on Securities:         \$ 3,000         \$ 0           Trading and Investment Securities         \$ 3,000         \$ 0           Irading and Investment Securities         \$ 4,839         90,898           Undue Concentrations         24,355         44,739           total haircuts on securities         92,194         135,637           NET CAPITAL         \$ 196,132         \$ 336,116           Aggregate Indebtedness         176,732         5.76           Payable to Brokers and Dealers         176,732         5.76           Chier Accounts Payable         7,613         176,732	less: Nonallowable assets		,	· ·
Prepaid Expenses         0         1,589           Stock Exchange Membership         0         47,000           Net Property and Equipment         7,381         7,572           Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities Positions         \$ 288,326         \$ 471,753           Haircuts on Securities:         \$ 3,000         \$ 0           Trading and Investment Securities         64,839         90,898           Undue Concentrations         24,355         44,739           total haircuts on securities         92,194         135,637           NET CAPITAL         \$ 196,132         \$ 336,116           Aggregate Indebtedness         10,000         \$ 336,116           Aggregate Indebtedness         10,000         \$ 336,116           Chier Accounts Payable         7,411	Accounts Receivable - Employees	\$	200	7
Stock Exchange Membership         0         47,000           Net Property and Equipment         7,381         7,572           Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities Positions         \$ 288,326         \$ 471,753           Haircuts on Securities:         \$ 3,000         \$ 0           Trading and Investment Securities         64,839         90,898           Induce Concentrations         24,355         44,739           total haircuts on securities         92,194         135,637           NET CAPITAL         \$ 196,132         \$ 336,116           Aggregate Indebtedness         116,332         \$ 374           Payable to Brokers and Dealers         116,332         5 374           Other Accounts Payable         7,411         1,741	Accounts Receivable - Other		0	
Stock Exchange Membership         0         47,000           Net Property and Equipment         7,381         7,572           Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities Positions         \$ 288,326         \$ 471,753           Haircuts on Securities:         \$ 3,000         \$ 0           Trading and Investment Securities         64,839         90,898           Undue Concentrations         24,355         44,739           total haircuts on securities         92,194         135,637           NET CAPITAL         \$ 196,132         \$ 336,116           Agregate Indebtedness         \$ 176,332         \$ 376           Payable to Brokers and Dealers         176,332         \$ 376           Other Accounts Payable         7,411         \$ 196,132         \$ 376	Prepaid Expenses			1,589
Net Property and Equipment Deferred Tax Asset         7,381 26,000 6,900         7,572 6,900           total deductions (other assets)         33,581 64,561           Net Capital Before Haircuts on Securities Positions         \$ 288,326 \$ 471,753           Haircuts on Securities:	<b>-</b>		. 0	•
Deferred Tax Asset         26,000         6,900           total deductions (other assets)         33,581         64,561           Net Capital Before Haircuts on Securities Positions         \$ 288,326         \$ 471,753           Haircuts on Securities:         \$ 3,000         \$ 0           Trading and Investment Securities         64,839         90,898           Undue Concentrations         24,355         44,739           Actal haircuts on securities         92,194         135,637           NET CAPITAL         \$ 196,132         \$ 336,116           Aggregate Indebtedness         \$ 176,732         \$ 336,116           Aggregate Indebtedness         \$ 176,732         \$ 76,733           Cher Accounts Payable         7,673         \$ 376			7,381	
total deductions (other assets)  Net Capital Before Haircuts on Securities Positions  Haircuts on Securities: Contractual Securities Commitments Trading and Investment Securities Undue Concentrations  total haircuts on securities  NET CAPITAL  Aggregate Indebtedness Ryable to Brokers and Dealers Other Accounts Payable  64,561  64,561  \$ 33,581  64,561  \$ 471,753  64,839  90,898  44,739  135,637  16,332  5 76  64,839  90,898  16,439  176,332  5 76  64,561  5 196,132  5 196,132  5 76  64,561		and the same of the same	26,000	6,900
Net Capital Before Haircuts on Securities Positions  Securities Po				
Securities Positions \$ 288,326 \$ 471,753  Haircuts on Securities: Contractual Securities Commitments \$ 3,000 \$ 0  Irading and Investment Securities 64,839 90,898  Undue Concentrations 24,355 44,739  total haircuts on securities 92,194 135,637  NET CAPITAL \$ 196,132 \$ 336,116  Aggregate Indebtedness Payable to Brokers and Dealers 7,413  Ciffier Accounts Payable 7,413	total deductions (other assets)	·	33,581	64,561
Securities Positions \$ 288,326 \$ 471,753  Haircuts on Securities: Contractual Securities Commitments \$ 3,000 \$ 0  Irading and Investment Securities 64,839 90,898  Undue Concentrations 24,355 44,739  total haircuts on securities 92,194 135,637  NET CAPITAL \$ 196,132 \$ 336,116  Aggregate Indebtedness Payable to Brokers and Dealers 7,413  Ciffier Accounts Payable 7,413	Net Capital Before Haircuts on			•
Haircuts on Securities:  Contractual Securities Commitments Itading and Investment Securities Undue Concentrations  total haircuts on securities  NET CAPITAL  Agregate Indebtedness Payable to Brokers and Dealers Cther Accounts Payable  \$ 3,000 \$ 0 64,839 90,898 24,355 44,739  135,637  \$ 196,132 \$ 336,116		\$	288,326	\$ 471,753
Contractual Securities Commitments  Frading and Investment Securities  Undue Concentrations  Solution  64,839  90,898  144,739  Solution  10tal haircuts on securities  92,194  135,637  NET CAPITAL  Aggregate Indebtedness  Payable to Brokers and Dealers  Chier Accounts Payable  Solution  \$ 3,000 \$ 0  64,839  90,898  135,637  135,637  135,637	· · ·			•
Contractual Securities Commitments  Frading and Investment Securities  Undue Concentrations  Solution  64,839  90,898  144,739  Solution  10tal haircuts on securities  92,194  135,637  NET CAPITAL  Aggregate Indebtedness  Payable to Brokers and Dealers  Chier Accounts Payable  Solution  \$ 3,000 \$ 0  64,839  90,898  135,637  135,637  135,637	Haircuts on Securities:			
Trading and Investment Securities Undue Concentrations  10 total haircuts on securities  10 10 10 10 10 10 10 10 10 10 10 10 10 1		\$	3,000	\$ 0
Undue Concentrations24,35544,739Itotal haircuts on securities92,194135,637NET CAPITAL\$ 196,132\$ 336,116Aggregate Indebtedness Payable to Brokers and Dealers Chier Accounts Payable\$ 116,732\$ 376,731			64,839	90,898
NET CAPITAL  Aggregate Indebtedness Payable to Brokers and Dealers Cher Accounts Payable  92,194  135,637  \$ 336,116  \$ 196,132  \$ 336,116  \$ 176,732  \$ 776.11	· · · · · · · · · · · · · · · · · · ·		24,355	44,739
NET CAPITAL \$ 196,132 \$ 336,116  Aggregate Indebtedness Payable to Brokers and Dealers Cifrer Accounts Payable  Tight 12 \$ 336,116				
NET CAPITAL \$ 196,132 \$ 336,116  Aggregate Indebtedness Payable to Brokers and Dealers Chier Accounts Payable  \$ 196,132 \$ 336,116	total haircuts on securities		92,194	135,637
Agregate Indebtedness Payable to Brokers and Dealers Chier Accounts Payable  Agregate Indebtedness 116,332  Chier Accounts Payable		15 9 20000		
Agregate Indebtedness  Rayable to Brokers and Dealers  Cther Accounts Payable  * 176,332 \$ 5.70	NET CAPITAL	<i>y</i>	196,132	\$ 336,116
Payable to Brokers and Dealers 116,32 5.36 Cifier Accounts Payable 7,413		######################################		Bib. 1990-19 Birgi with resident dynamics in recognitive party
Payable to Brokers and Dealers  Cifier Accounts Payable  116,32  5 36  5 36  7,611	Awregate Indehtedness			
Citier Accounts Payable 7,011			176,732	F 76
TOTAL AGGREGATE INDEBTEDINGS	carea riccounts i ayaore			
	TOTAL AGGREGATE INDEBTED NIBS		- <u>5</u> 6/m/	$\mathcal{E}_{i}^{(i)}$

# Computation of Basic Net Capital Requirement

46.60

Minimum Net Capital Required:				* *
Total Aggregage Indebtedness @ 6.667%	\$	8,212	\$	7,286
Minimum Dollar Net Capital Requirement of		$\gamma = \gamma_{k,q_{k+1}} = \gamma$	1	1.1
Reporting Broker	•	100,000		100,000
Net Capital Requirement	\$	100,000	\$	100,000
Excess Net Capital	\$	96,132		236,116
Excess Net Capital at 1000%	\$	183,815	\$	325,188
Percentage of Aggregate Indebtedness to Net Capital	··. ··.	63%		33%

No material differences exist between the net capital presented on the preceding page and the Company's net capital as reported on Part II of the FOCUS report.

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